



Conoco Inc.
3201 C Street, Suite 200
Anchorage, AK 99503-3999
(907) 564-7600

July 29, 1992

State of Alaska
Department of Natural Resources
3901 C Street, Suite 1380
Anchorage, Alaska 99502

ATTN: Mr. Mike Kotowski

RECEIVED

AUG 3 1992

DIV. OF OIL & GAS
DIRECTOR'S OFFICE

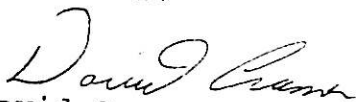
MILNE POINT UNIT - NORTH SLOPE, ALASKA
APPROVED APPLICATION FOR REVISED PA - KUPARUK

Gentlemen:

Reference is made to the Decision and Findings, dated June 29, 1992, for Conoco Inc.'s application for the sixth revision of the Kuparuk Participating Area. Pursuant to Item IV. 5., enclosed for your records are the approved Tract Participation Schedule and Kuparuk Participating Area boundary.

Should you need any additional information, please contact me at (907) 564-7649.

Sincerely,

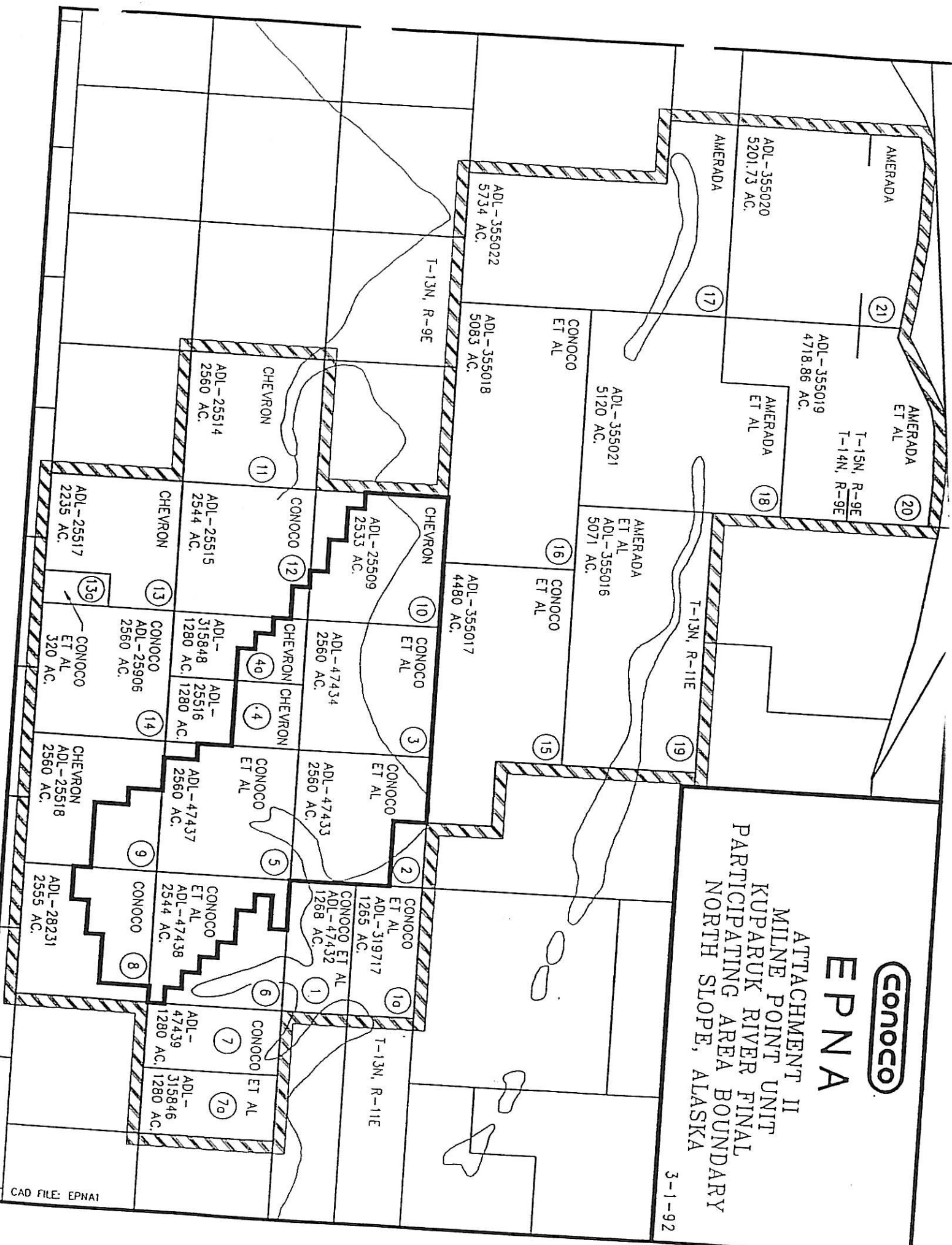

David Cramer
Staff Landman

Enclosures

conoco
EPNA

ATTACHMENT II
MILNE POINT UNIT
KUPARUK RIVER FINAL
PARTICIPATING AREA BOUNDARY
NORTH SLOPE, ALASKA

3-1-92



MILNE POINT UNIT KUPARUK RIVER FINAL PARTICIPATING AREA
REVISED MARCH 1, 1992

ATTACHMENT 1

Tract	ADL #	Legal Description	Acres	Royalty	Tract Participation	Working Interest
2	47433	T13N, R10E, U.M.; Sec. 1: S/2; Secs. 2, 11, 12	2240	20.0%	07.62377	Conoco OXY 86.000% 14.000%
3	47434	T13N, R10E, U.M.; Secs. 3, 4, 9, 10	2560	20.0%	34.09616	Conoco OXY 87.750% 12.250%
4	25516	T13N, R10E, U.M.; Sec. 15	640	12.5%	02.19544	Chevron 100.000%
4A	315848	T13N, R10E, U.M.; Sec. 16: N/2, SE/4, NE/4 SW/4	520	12.5%	00.15591	Chevron 100.000%
5	47437	T13N, R10E, U.M.; Secs. 13, 14; Sec. 23: N/2, SE/4, E/2 SW/4; Sec. 24	2480	20.0%	24.29536	Conoco OXY 86.000% 14.000%
6	47438	T13N, R11E, U.M.; Sec. 18: W/2 W/2, NE/4 NW/4, NW/4 NE/4, E/2 SW/4, S/2 SE/4; Sec. 19: Sec. 20: SW/4, W/2 NW/4, SE/4 NW/4, W/2 SE/4, SE/4 SE/4	1424	20.0%	06.79384	Conoco OXY 86.000% 14.000%
8	28231	T13N, R11E, U.M.; Sec. 29: W/2 NE/4, NW/4, N/2 SW/4, NW/4 SE/4; Sec. 30; Sec. 31: N/2 NW/4	1076.5	12.5%	04.61634	Conoco 100.000%
9	25518	T13N, R10E, U.M.; Sec. 25; Sec. 26: E/2 NE/4	720	12.5%	01.03215	Chevron 100.000%
10	25509	T13N, R10E, U.M.; Sec. 5, 6; Sec. 7: NE/4, E/2 NW/4, NW/4 NW/4, NE/4 SE/4; Sec. 8: N/2, SE/4, N/2 SW/4, SE/4 SW/4	2182	12.5%	19.15917	Chevron 100.000%
12	25515	T13N, R10E, U.M.; Sec. 17: N/2 NE/4	80	12.5%	00.03186	Conoco 100.000%
			13,922.5		100.00000	

MILNE POINT UNIT
SIXTH REVISION OF THE KUPARUK PARTICIPATING AREA

DECISION AND FINDINGS OF THE COMMISSIONER
ALASKA DEPARTMENT OF NATURAL RESOURCES

JUNE 29, 1992

MILNE POINT UNIT

SIXTH REVISION OF THE KUPARUK PARTICIPATING AREA

I. INTRODUCTION AND BACKGROUND

The Milne Point Unit is an oil and gas unit located on the Alaska North Slope immediately northwest of the Prudhoe Bay Unit. It was approved by the Alaska Department of Natural Resources on October 29, 1979, effective retroactive to September 28, 1979.

The Milne Point Unit Agreement was modeled after the State of Alaska's Standard Unit Agreement form of that time, which provides for operation of the leases within the unit area as a single entity without regard to lease boundaries and diverse ownership of the leases. The unit is operated in conformance with annual plans of development and operation approved by the Department of Natural Resources. Conoco, Inc. is the Unit Operator of the Milne Point Unit.

The Kuparuk Participating Area consists of the leases and portions of leases within the Milne Point Unit that have been determined to be underlain by hydrocarbons and capable of producing or contributing to production of hydrocarbons from the Kuparuk Reservoir in paying quantities. Only leases that are either partially or wholly included within the Kuparuk Participating Area can have oil production from that reservoir allocated to them.

The initial Kuparuk Participating Area was approved by the Department of Natural Resources on April 20, 1982, effective retroactive to April 15, 1980. The initial Participating Area encompassed 9341 acres of the total unit area of 21,072 acres.

The first revision of the Kuparuk Participating Area was approved on February 15, 1983, with an effective date of September 1, 1982. This first revision added 2907.25 acres while deleting 1440 acres from the initial participating area. The net result was the inclusion of an additional 1467.25 acres in the participating area.

The Kuparuk Participating Area was revised a second time to include an additional 280 acres. With this second revision, effective November 1, 1983, the participating area encompassed 11,088.25 acres, more or less.

A third revision to the participating area was approved by the division on February 29, 1985, effective retroactive to September 1, 1984. This revision added portions of two oil and gas leases (ADLs 25509 and 315848) containing 2702 acres. The Kuparuk Participating Area contained 13,790.25 acres after the third revision.

Milne Point Unit
Sixth Revision of the Kuparuk
Participating Area
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The fourth revision of the Kuparuk Participating Area and a revision of the Allocation of Production and Costs was approved by the division on January 16, 1986, effective retroactive to October 1, 1985. This revision deleted Tract 1 (ADL 47432) and Tract 1A (ADL 319717) from the participating area. With the fourth revision, the Kuparuk Participating Area of the Milne Point Unit contained 12,766 acres of the total unit area of 35,744 acres.

A fifth revision to the participating area was approved by the division on March 14, 1988, effective retroactive to November 1, 1988. This revision added portions of oil and gas lease ADL 28231 containing approximately 556.5 acres. The Kuparuk Participating Area contained 13,322.5 acres after the fifth revision.

II. APPLICATION FOR SIXTH REVISION OF THE KUPARUK PARTICIPATING AREA

On April 9, 1992, Conoco, Inc., the Unit Operator, on behalf of itself and the other Working Interest Owners, made an application for a sixth revision of the Kuparuk Participating Area of the Milne Point Unit to encompass certain additional acreage within the Milne Point Unit purported to be capable of producing or contributing to the production of hydrocarbons in paying quantities. The application was submitted pursuant to 11 AAC 83.351(c) and Section 11 of the Milne Point Unit Agreement.

The application for expansion of the participating area proposed to add portions of two oil and gas leases (ADL 28231 (Tract 8) and ADL 25515 (Tract 12), containing approximately 600 acres) to the Kuparuk Participating Area, thereby expanding the Kuparuk Participating Area to 13,922.5 acres, more or less. The leases proposed for inclusion in the Participating Area reserve a 12.5 percent royalty to the State. The royalty share is free and clear of all lease expenses.

The Sixth Revision of the Kuparuk Participating Area was proposed to be effective as of March 1, 1992.

III. GEOLOGICAL AND ENGINEERING CHARACTERISTICS OF THE PROPOSED EXPANSION AREAS

Staff members of the Division of Oil and Gas met with representatives of the Unit Operator, Conoco, Inc., on June 5, 1992 to discuss confidential and nonconfidential information in support

of the application for expansion of the Kuparuk Participating Area. At this meeting, the Unit Operator and division staff discussed engineering information and confidential structure contour, hydrocarbon-foot maps, and individual tract reserve estimates applicable to the proposed expansion area and the Kuparuk Participating Area in general. Also discussed at this meeting was the tract allocation schedule for the proposed revised Kuparuk Participating Area.

Upon review of the geological, geophysical, and engineering data submitted in support of the proposed expansion, the Department of Natural Resources determines that the portions of ADL 28231 (Tract 8) and ADL 25515 (Tract 12) are capable of producing or contributing to the production of hydrocarbons in paying quantities. These portions therefore warrant inclusion into the Kuparuk Participating Area of the Milne Point Unit.

The department's examination of the geological and engineering characteristics of the actual reservoirs, prior exploration activities in the area of concern, and other relevant factors, including all factors listed in 11 AAC 83.303(a) and (b) indicate that the proposed expansion lands are appropriate for inclusion within the Kuparuk Participating Area of the Milne Point unit.

IV. FINDINGS AND DECISION

Considering the facts discussed in this document and the administrative record, and considering the applicable regulations, I hereby find:

1. Under 11 AAC 83.351(c), a participating area must be expanded to include acreage reasonably estimated through the use of geological, geophysical, or engineering data to be capable of producing or contributing to the production of hydrocarbons in paying quantities.
2. Under 11 AAC 83.303(c), the department will consider the factors specified in 11 AAC 83.303 (a) and (b) when evaluating requests concerning participating areas.
3. The available geological, geophysical and engineering data and discussions with the Unit Operator support the decision to

Milne Point Unit
Sixth Revision of the Kuparuk
Participating Area
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expand the Milne Point Unit, Kuparuk Participating Area to include the following lands:

ADL 28231 (Tract 8): Sec. 29: W/2 NE/4, E/2 NW/4, N/2 SW/4, NW/4 SE/4; Sec. 30: SE/4; Sec. 31: N/2 NW/4; T13N, R11E, U.M.;

ADL 25515 (Tract 12): Sec. 17: N/2 NE/4; T13N, R10E, U.M..

These lands contain 600 acres, more or less.

4. The Milne Point Unit Agreement provides for further expansions and contractions of the participating area in the future as warranted on the basis of further drilling or by additional information. Therefore, this expansion continues to allow the Milne Point Unit Agreement to protect the public interest in conservation of resources and protection of economic and physical waste, and the correlative rights of all parties affected by this expansion, including the State.

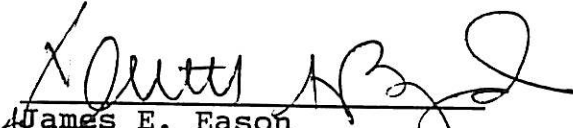
5. Pursuant to 11 AAC 83.351(a) and 11 AAC 83.371(a), the division approves the proposed tract allocation schedule for each lease within the revised participating area (Attachment I of the application). Within 30 days of this Decision and Finding, the Unit Operator shall submit to the State the revised Tract Participation Schedule and Kuparuk Participating Area boundary reflecting the approved areas as set out in this Decision and Findings.

6. Diligent exploration and delineation of all reservoirs underlying the proposed expansion area will be conducted by the Unit Operator under the Milne Point Unit Plans of Development and Operation approved by the State.

7. This expansion of the Milne Point Unit Participating Area will be effective retroactively as of 12:01 a.m. March 1, 1992.

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Sixth Revision of the Kuparuk
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For these reasons and subject to the conditions and limitations noted, I hereby approve the Sixth Revision of the Milne Point Unit, Kuparuk Participating Area.


James E. Eason
Director, Division of Oil and Gas

6/29/92
Date

For: Glenn A.Olds, Commissioner
Alaska Department of Natural Resources

Attachment: Delegation of Authority from Commissioner, Alaska
Department of Natural Resources, to Director,
Division of Oil and Gas, dated June 26, 1992.

MPUKPA.6thexp.txt

DELEGATIONS OF AUTHORITY FOR THE DIVISION OF OIL AND GAS

<u>Regulatory Citation</u>	<u>Purpose or Action</u>	<u>Authority Vested in</u>	<u>Authority Delegated to</u>
11 AAC 82.400	Parcels Offered for Competitive Lease	Commissioner	No Delegation
11 AAC 82.405	Method of Bidding	Commissioner	No Delegation
11 AAC 82.410	Minimum Bid	Commissioner	No Delegation
11 AAC 82.445	Incomplete Bids	Commissioner	No Delegation
11 AAC 82.450	Rejection of Bids	Commissioner	No Delegation
11 AAC 82.455	Tie Bids	Commissioner	No Delegation
11 AAC 82.460	Additional Information	Commissioner	No Delegation
11 AAC 82.465	Award Leases	Commissioner	Director, Div. Oil & Gas (DOG)
11 AAC 82.470	Issue Leases	Commissioner	Director, DOG
11 AAC 82.475	Bid Deposit Return	Commissioner	Director, DOG
11 AAC 82.600	Required Bonds	Commissioner	Director, DOG
11 AAC 82.605	Approve/Deny Assignments of Oil and Gas Leases	Commissioner	Director, DOG
11 AAC 82.610	Segregate Leases	Commissioner	Director, DOG
11 AAC 82.620	Transfer of a Lease, Permit or Interest as a Result of Death	Commissioner	Director, DOG
11 AAC 82.625	Eff. Date of Assignments	Commissioner	Director, DOG
11 AAC 82.635	Surrenders	Commissioner	Director, DOG
11 AAC 82.640	Survey Requirement	Commissioner	No Delegation
11 AAC 82.645	Conforming Protracted Description to Official Surveys	Commissioner	No Delegation
11 AAC 82.650	Control of Lease Boundaries	Commissioner	No Delegation
11 AAC 82.660	Excess Area; Partial Termination	Commissioner	No Delegation

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11 AAC 82.665	Rental and Royalty Relief	Commissioner	No Delegation
11 AAC 82.700	Taking Royalty in Kind	Commissioner	No Delegation
11 AAC 82.705	Bidding Method	Commissioner	No Delegation
11 AAC 82.710	Notice of Sale	Commissioner	No Delegation
11 AAC 82.800	Production Records	Commissioner	Director, DOG
11 AAC 82.805	Test Results	Commissioner	Director, DOG
11 AAC 83.153	Well Confidentiality	Commissioner	Director, DOG
11 AAC 83.158	Approve/Deny Lease Plan of Operations	Commissioner	Director, DOG
11 AAC 83.303	Unit Agreement Approval	Commissioner	Director, DOG
11 AAC 83.306	Accept Application for Unit Agreement Approval	Commissioner	Director, DOG
11 AAC 83.311	Publish Public Notice of Unit Agreement Application	Commissioner	Director, DOG
11 AAC 83.316	Approve/Deny Unit Agreement	Commissioner	Director, DOG
11 AAC 83.326	Require or Accept Nonstandard Unit Agreement Language	Commissioner	Director, DOG
11 AAC 83.328	Mandate Unitization (Involuntary Unitization)	Commissioner	No Delegation
11 AAC 83.331	Approve/Deny Change in Unit Operator	Commissioner	Director, DOG
11 AAC 83.336	Grant Extension of Unit Term; Grant Suspension of Operations (Force Majeure); Terminate Unit	Commissioner	No Delegation
11 AAC 83.341	Approve/Deny Plan of Exploration	Commissioner	Director, DOG
11 AAC 83.343	Approve/Deny Plan of Development	Commissioner	Director, DOG
11 AAC 83.346	Approve/Deny Plan of Operations	Commissioner	Director, DOG
11 AAC 83.351	Approve/Deny Participating Area	Commissioner	Director, DOG

Delegations of Authority
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11 AAC 83.356	Expand/Contract Unit Area	Commissioner	Director, DOG
11 AAC 83.361	Certify Wells as Capable of Production in Paying Quantities	Commissioner	Director, DOG
11 AAC 83.371	Approve/Deny Allocation of Cost and Production Formulas	Commissioner	Director, DOG
11 AAC 83.373	Sever Leases	Commissioner	Director, DOG
11 AAC 83.374	Declare Unit in Default	Commissioner	No Delegation
11 AAC 83.383	Notation of Approval on Joinder	Commissioner	Director, DOG
11 AAC 83.385	Modification of Unit Agreement	Commissioner	Director, DOG
11 AAC 83.393	Approval of Federal or Private Party Unit Agreements	Commissioner	No delegation

I hereby delegate the authority vested in me through AS 38.05.180 to the Director of the Division of Oil and Gas as noted above. This delegation of authority is effective until revoked by me.


Glenn A. Olds, Commissioner
Alaska Department of Natural Resources

Date 6/26/82